

DOCUMENT #2

Press Accounts and Excerpts from Senate Hearings

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SHOW: All Things Considered (8:00 PM ET) - NPR

October 12, 2001 Friday

LENGTH: 437 words

HEADLINE: US expands its list of terrorists

ANCHORS: ROBERT SIEGEL

REPORTERS: JOHN MCCHESENEY

BODY:

ROBERT SIEGEL, host:

The US has expanded its financial attack on terrorism, adding 39 new names to the list of individuals and organizations whose assets will be frozen. NPR's John McChesney reports.

JOHN MCCHESENEY reporting:

The new list includes the 22 men named by the FBI in its recently released most-wanted terrorist list. And it also includes 21 organizations and businesses suspected of funnelling money to Osama bin Laden or his al-Qaeda organization. Among the notable additions are chains of bakeries and honey shops based in Yemen. Also included is a Pakistani group known as the Army of Mohammed, a group that conducts guerrilla actions in Kashmir and India. A Saudi charity known as Muwafaq, or Blessed Relief, is also added to the list. The Treasury Department says that wealthy Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief.

Absent from the list is the international Islamic Relief Organization. Analysts say that the charity organization is funded by the Saudi government and is used to channel money to bin Laden. Several newspapers report that the IRO has been left off the list to avoid embarrassing the Saudi government. Following recent reports that the Saudis were not cooperating in locking up al-Qaeda assets, the administration insisted today that the Saudi government was making good progress toward a freeze.

Rob Nichols(ph), assistant secretary of the Treasury, says that so far the effort to cut off al-Qaeda's finances has been progressing well, with over a hundred countries participating.

Mr. ROB NICHOLS (Assistant Secretary, Treasury): Since September 11th, approximately 24 million in assets belonging to the Taliban, Osama bin Laden and the al-Qaeda network have been seized. Now several million in additional assets are under review, but we want to double and triple check to make sure they are the correct accounts.

MCCHESENEY: Asked if this wasn't a rather small amount, Nichols said that the total wasn't the important point, that the real effort was directed at disrupting flow. Prior to the September 11th attack, the US and Britain had frozen roughly \$300 million of Taliban money. Nichols stressed that this is an incremental process, and that other businesses and individuals would be added as new intelligence is developed. But Daniel Benjamin, a senior fellow at the Center for Strategic and International Studies, says there are some other notable absences from today's list.

Mr. DANIEL BENJAMIN (Senior Fellow, Center for Strategic and International

Studies): In particular it does not mention, as some had thought it would, either Hezbollah or Hamas operatives.

McCHESNEY: Benjamin says there are most likely strategic reasons for these omissions, as the United States tries to keep its options open with some countries that harbor and support terrorist organizations.

Mr. BENJAMIN: It continues to leave open a door to Iran and Syria. If Hamas or Hezbollah were put on the list now, that would put both of those countries even more on the defensive and even more wary of involvement with the US.

McCHESNEY: President Bush said yesterday that Syria, which supports Hezbollah, and where Hamas has representatives, might help with the anti-terrorist effort. Iran, which supports Hezbollah, has condemned the bombings of Afghanistan, but the administration still hopes for future cooperation. John McChesney, NPR News, Washington.

LINDA WERTHEIMER (Host): It's ALL THINGS CONSIDERED.

LOAD-DATE: January 31, 2002

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CBS MarketWatch

October 12, 2001 Friday

SECTION: NEWS & COMMENTARY; ECONOMY AND POLITICS

LENGTH: 1280 words

HEADLINE: U.S. list of 39 entities said behind funding terror

BYLINE: CBS.MarketWatch.com

BODY:

WASHINGTON (CBS.MW) -- The Treasury Department on Friday added 39 names to its list of individuals, businesses and charity groups whose assets are to be frozen by financial institutions.

The list includes persons and entities that the U.S. government identified as known to financially support terrorism; in particular, the activities of Osama bin Laden's al-Qaida network, according to intelligence gathered by the U.S. agencies.

Here are the additions, with descriptions supplied by Treasury officials:

Al-Hamati Sweets Bakeries

Al-Hamati Sweets is owned by Muhammad Hamdi Sadiq al-Ahdal. Al-Hamati is located in Al Mukallah in the Hadramut Governorate of Yemen. Muhammad Al-Hamati is also known as Mohammad Hamdi Sadiq al-Ahdal and Abu Asim Al-Makki. Abu Asim was detained in prison in Saudi Arabia for planning terrorist activities against Saudi Arabia.

Al-Nur Honey Press Shops

Al-Nur Honey is also owned by Muhammad Hamdi Sadiq al-Ahdal. Al-Nur is located in Sana'a, Yemen. (Muhammad Al-Hamati is also on Treasury's list as an individual.)

Al-Shifa Honey Press for Industry and Commerce

Located in Sana'a, Yemen and owned by Mahmud Abu al-Fatuh Muhammad, also known as abu Khaled, Mahmud Abu Al-Kadr and as Abu Adel. He is linked to the Islamic Cultural Institute in Milan. The Institute's name appears in the United States v. Bin Laden trial as directly connected to the 1998 embassy bombings in Africa. The Institute is considered the main al-Qaida station house in Europe. It is used to facilitate the movement of weapons, men and money across the world.

Jaish-I-Mohammed (JIM) (Army of Mohammed)

JIM is a militant, pro-Taliban force based in Pakistan that receives support within Pakistan. Jaish-e-Mohammed is an Islamist group based in Pakistan that has rapidly expanded in size and capability since Maulana Masood Azhar, former leader of the ultra-fundamentalist Haraka ul-Ansar, announced its formation in February 2001. JIM's leader, Masood Azhar, was released from Indian imprisonment in December 1999 in exchange for 155 hijacked Indian Airlines hostages in Afghanistan. In July, a JIM rocket-grenade attack failed to injure the chief minister of Kashmir at his office in Srinagar, India, but four other persons were wounded. In December, JIM militants launched grenade attacks at a bus stop in Kupwara, India, injuring 24 persons, and at a marketplace in Chadoura, India, injuring 16 persons. JIM militants also planted two bombs that killed 21 persons

in Qamarwari and Srinagar. JIM is based in Peshawar and Muzaffarabad, Pakistan, but members conduct terrorist activities primarily in Kashmir. The JIM maintains training camps in Afghanistan. JIM is sometimes referred to as JEM.

Society of Islamic Cooperation

Located in Qandahar City. Established by Osama bin Laden in early 2001. Reportedly headed by Abu Talha, alleged brother of bin Laden's youngest wife. Also appears to be headed by Abu Sa'd. Abu Talha is an al-Qaida explosives specialist.

Rabita Trust

The secretary-general of the Rabita Trust is Wa'el Hamza Jalaidan, one of the founders of al-Qaida along with bin Laden. Wa'el Julaidan is the logistics chief of bin Laden's organization and fought with him against Soviet forces in Afghanistan.

Individuals

Haji Abdul Manan Agha

Possibly in Pakistan. A large-scale hawala dealer who runs Al-Qadir Traders in Quetta, Pakistan.

Dr. Amin al-Haq

Dr. Amin al-Haq is bin Laden's security coordinator, serving in that capacity for the al-Qaida organization. He is also known as Muhammad Amin. He is on the U.N. list of individuals and entities associated with bin Laden. Born around 1960 in Nangahar province, Afghanistan. He is believed to work a urologist practicing in Pesawar, Pakistan.

Saqar al-Jadawi

Saqar al-Jadawi may have been born around 1965. He is thought to be a Yemeni and Saudi national. He is an aide to Osama bin Laden.

Ahmad Sa'id Al-Kadr

Runs the Afghanistan operations of Human Concern International, headquartered in Canada. Al-Kadr is an al-Qaida operative who worked through the front organization, HCI. He is also known as Abu Abd Al-Rahman Al-Kanadi. Born Jan. 3, 1948 in Cairo, Egypt. Thought to be an Egyptian and Canadian national. He is an aide to bin Laden. He was detained by Pakistan police authorities in connection with the Nov. 9, 1995, bombing of the Egyptian embassy in Islamabad, Pakistan.

Yasin al-Qadi

He is also known as Shaykh Yassin Abdullah Kadj. May be in Jedah, Saudi Arabia. He heads the Saudi-based Muwafaq Foundation, an al-Qaida front that receives funding from wealthy Saudi businessmen. "Blessed Relief" is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief.

Sa'd Al-Sharif

Sa'd Al-Sharif, a senior bin Laden associate, is also known as Abu Mohamed Saudi and Abu el Masry. Born around 1969 in Saudi Arabia. As the brother in law of bin Laden, he is believed to be the head of bin Laden's financial network.

Bilal Bin Marwan

Born around 1947. He is a senior lieutenant of bin Laden and is on the U.N. list of individuals and entities associated with bin Laden.

Ayadi Chafiq bin Muhammad

May be in Tunisia. Born Jan. 21, 1963, in Safsis, Tunisia. Nationality: Bosnian. Chafiq is connected to the bin Laden financial network through the Mouwafaq Foundation in Munich, Germany.

Mamoun Darkazanli

A well-connected bin Laden agent. His association with al-Qaida is through two bin Laden aides: Manduh Mahmud Salim, one of bin Laden's reported finance chiefs, and Wadih El-Hage, bin Laden's personal secretary who was implicated in the 1998 embassy bombings. Darkazanli is wanted for his role in the U.S. Embassy bombings in Africa.

Riad Hijazi

He is also known as Abu-Ahmad al-Hawen, Rashid al-Maghribi and Abu-Ahmad. Jailed in Jordan. Born in California in 1968. Held joint Jordanian-U.S. citizenship. Convicted in absentia in Jordan for plotting to attack tourists in Amman during the millennium celebrations. He lived in the United States until late 1999, when he went to Jordan to plot the millennium attacks. The Jordanian government accused him of purchasing bomb-making materials and weapons to be used in the attacks.

Mufti Rashid Ahmad Ladehyanoy

May be in Karachi, Pakistan. Linked to Al-Rashid Trust. Mufti Rashid Ahmad Ladehyanoy is a Karachi-based religious leader who heads the Pakistani pro-Taliban party.

Omar Mahmoud Uthman

He is also known as Abu Qatada al-Filistini. May be in London, England. Born Dec. 30, 1960. Omar Mahmoud Uthman is a senior agent for bin Laden in Europe.

Tohir Yuldashev

May be in Uzbekistan. Nationality: Uzbek. Residence: Taliban-controlled Afghanistan. He is the leader of the Islamic Movement of Uzbekistan, which was supported by bin Laden and the Taliban and is believed to receive financial, logistical and operational support from bin Laden's al-Qaida network.

Mohammad Zia

May be in Pakistan.

For more information re the FBI most wanted terrorists, go to: <http://www.fbi.gov/mostwanted/terrorists/terswedan.htm> <http://www.fbi.gov/mostwanted/terrorists/terswedan.htm>

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The New York Times

October 13, 2001 Saturday
Late Edition - Final

SECTION: Section B; Column 5; Foreign Desk; Pg. 3

LENGTH: 838 words

HEADLINE: A NATION CHALLENGED: ON THE LIST;
Philanthropist, or Fount Of Funds for Terrorists?

BYLINE: By JEFF GERTH and JUDITH MILLER

BODY:

They are the elite of Saudi society -- wealthy, respected men with investments that span the globe and reputations for generosity.

Yasin al-Qadi is among the prominent Saudis who those in need of charity or shrewd business advice could turn to.

But the United States government now says that Mr. Qadi and many other well-connected Saudi citizens have transferred millions of dollars to Osama bin Laden through charities and trusts like the Muwafaq Foundation supposedly established to feed the hungry, house the poor and alleviate suffering.

In describing Muwafaq, which means "Blessed Relief" in Arabic, as a front for Mr. bin Laden's terror network, the Bush administration has put Saudi Arabia, one of its most important Middle East allies, in a delicate bind.

The Muwafaq Foundation has been administered by some of the kingdom's leading families. Mr. Qadi, a businessman and investor, was cited yesterday on a list of those who support terrorism.

The foundation, however, was not mentioned. The reason, administration officials said, was the inability of United States officials to locate the charity or determine whether it is still in operation.

A statement accompanying the list yesterday said this about the foundation: "Muwafaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen. Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief."

In 1995, the trustees of the Muwafaq Foundation filed a libel suit in London against the newsletter Africa Confidential for linking the foundation to terrorist activities in Africa. The publication lost the lawsuit.

Court papers in that case, provided by Steven Emerson, a writer and commentator on terrorism, list the trustees as Mr. Qadi (under the spelling Yassin Qadi) and five others, including two members of the bin Mahfouz family.

"They are the creme de la creme of Saudi society," said Patrick Smith, editor of Africa Confidential. The bin Mahfouz family controls the National Commercial Bank of Saudi Arabia, which is the kingdom's largest bank and is the banker to the royal family. Sheik Khalid bin Mahfouz paid \$225 million, including a \$37 million fine, to escape possible charges in connection with the 1991 collapse of the Bank of Credit and Commerce International.

Mr. Smith said that one year ago the six trustees wrote a letter referring to Muwafaq as "their former foundation" and they "gave no details about why or its status."

The lawyer in London who represented Mr. Qadi in the suit, Peter Carter-Ruck, did not return a phone call.

Mr. Qadi -- under the spelling Kadi -- is a major investor and director of Global Diamond Resources, a diamond exploration company based in San Diego, Calif. Public records show that he is involved in real estate, consulting, chemical and banking companies in Saudi Arabia, Turkey, Kazakhstan and Pakistan.

The chairman of Global Diamond, Johann de Villiers, said of Mr. Qadi, "The guy I know is a very nice guy." He said he understood that Mr. Qadi had significant investments in the American stock market as well as some investments in Malaysia.

Mr. de Villiers traced Mr. Qadi's investment in his company to a meeting in London in December 1998. The meeting included an investment banker and some other Middle Eastern investors, including a senior member of the bin Laden family, who had invested in the diamond company one year earlier.

The bin Laden family controls one of the most powerful business groups in Saudi Arabia and its members have publicly disowned Osama bin Laden.

Mr. de Villiers said it was the assurances of the bin Laden family that gave him the confidence he needed to accept Mr. Qadi's \$3 million investment in his small company.

"I relied on the representations of the bin Laden family," Mr. de Villiers said. "They vouched for him."

Mr. de Villiers said all calls for Mr. Qadi would be directed to his lawyer in London, Mr. Carter-Ruck.

This is not the first time that Mr. Qadi has come to the attention of the United States government in connection with the financing of terrorist activities. He was identified as the major source of funds for a money-laundering scheme for the Palestinian group Hamas. The case occurred in June 1998, when the Justice Department froze the funds of a foundation near Chicago called the Quranic Literacy Institute and one of its important volunteers, Muhammad A. Salah, for funneling money to Hamas, which the State Department says is a foreign terrorist organization.

According to court documents, the money was ultimately traced back to Mr. Qadi.

The government said that in 1991, Mr. Qadi, whom it described as a Saudi businessman, transferred by wire some \$820,000 from a Swiss bank account for investment purposes. The transaction was intended to conceal the source of the money, which was from Mr. Qadi. The government said some of the money was ultimately used by Mr. Salah to help purchase weapons and reorganize the Hamas leadership in the West Bank and Gaza.

URL: <http://www.nytimes.com>

LOAD-DATE: October 13, 2001

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The Washington Post

October 13, 2001 Saturday
Final Edition

SECTION: A SECTION; Pg. A16

LENGTH: 1229 words

HEADLINE: More Assets on Hold In Anti-Terror Effort;
39 Parties Added to List of Al Qaeda Supporters

BYLINE: David S. Hilzenrath and John Mintz, Washington Post Staff Writers

BODY:

The U.S. government yesterday widened its campaign to cut off the al Qaeda terrorist network's funds, ordering financial institutions to freeze the assets of 39 more people and organizations.

The Treasury Department's list provided new detail on how Osama bin Laden's global terrorist network uses businesses and Islamic charities as fronts to move people, money and weapons. It names Yemeni honey shops, a Pakistani physician, a prominent Muslim charity and one of bin Laden's in-laws, identified as the head of his financial network.

"Today we add another brick to the international wall we are building against the funding of terrorist acts around the world," Jimmy Gurule, Treasury's undersecretary for enforcement, said at a news conference.

Yesterday's list, which broadened President Bush's Sept. 24 order freezing the assets of 27 people and groups, includes 18 of the people the president identified earlier this week as the "most wanted" terrorists. Five others, identified as bin Laden aides, were named by the United Nations in March under a Security Council resolution urging countries to freeze terrorist assets.

The list was the product of tense debate within the U.S. government, which is torn by potentially conflicting priorities: stopping the flow of money, protecting intelligence sources and methods, and avoiding affronts to key allies such as Saudi Arabia.

"International politics and domestic politics plays havoc with this whole list," said Steven Emerson, a terrorism expert in close contact with government officials. There has been "tremendous resistance" from the State Department, he added.

Government officials said federal agencies have argued for weeks about whether to publicly describe the Rabita Trust, a Muslim charity closely tied to the Saudi and Pakistani governments, as being affiliated with bin Laden. Ultimately, the Treasury Department listed the Rabita Trust, which top Pakistani officials helped establish to resettle refugees from Bangladesh. Pakistan's president, Gen. Pervez Musharraf, has had an official affiliation with the trust.

The diplomatic sensitivity of Musharraf's tie to the Rabita Trust was evident in the State Department's handling of news inquiries about his role. Department officials initially drafted a standard response noting Musharraf's involvement and making clear he was a well-respected figure with no knowledge of what it called al Qaeda's "infiltration" of the trust. But officials later dropped any reference to Musharraf from its prepared response.

A State Department official said the Rabita Trust is "a highly regarded Islamic trust with several prominent board members."

"Our feeling is that Osama bin Laden and al Qaeda deliberately infiltrated the Rabita Trust and corrupted a reputable organization," the official said, adding, "We don't think the prominent people who have their names on it were aware of the infiltration."

Pakistani news accounts say the Rabita Trust is affiliated with a much larger and better-known charity, usually called Rabita Alam-e-Islami, or the Muslim World League. It is based in the holy city of Mecca and has a multibillion-dollar budget financed by many wealthy Saudis.

Mustafa Alani, a British expert on Islamic groups, expressed shock that the U.S. government listed the Rabita Trust, given its ties to a revered, decades-old charity. "I am surprised, to say the least," he said. "This could turn into a witch hunt. This will make many Islamic foundations very nervous."

The Treasury Department said the Rabita Trust's secretary-general is Wa'el Hamza Jalaidan, whom it described as "logistics chief" and co-founder of Bin Laden's organization. Jalaidan lived in Arizona in the early 1980s and headed an Islamic center there before joining bin Laden in the fight against the Soviets in Afghanistan, terrorism expert Emerson said.

Federal officials also argued about whether to list the Saudi-based Muwafaq Foundation, or Blessed Relief, knowledgeable sources said. They said the compromise was to list its head, Yasin al-Qadi, but not the group itself. "Muwafaq is an al Qaeda front that receives funding from wealthy Saudi businessmen," the Treasury Department said in a statement. "Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief."

Guy Martin, a British lawyer representing several top executives of Muwafaq, said the foundation has been defunct since 1996. He denied that it or its associates ever had any ties to extremists. "Its objective was the relief of suffering from famine and war," he said. He added that "there is no link between terrorists and Mr. al-Qadi," who is one of his clients.

The Treasury Department also said the Islamic Cultural Institute in Milan "is considered the main al Qaeda station house in Europe," used "to facilitate the movement of weapons, men and money across the world." In a trial earlier this year, the institute was "directly connected" to the bombings of U.S. embassies in Africa, it noted. However, the institute's funds were not ordered frozen. The government said one al Qaeda operative on the list worked through Human Concern International, a "front organization" based in Canada. The group's lawyer, Marc Duguay, denied it has ties to Bin Laden, adding that the individual in question left Human Concern International in 1995.

Yesterday's list also named a Pakistani money trader, citing him as a major hawala dealer. Government officials have said that bin Laden uses the hawala system, an underground, virtually paperless system of transferring money around the world.

Officials said that in deciding which individuals and groups to name, Justice Department lawyers excluded some, arguing the evidence implicating them might not hold up in court. Intelligence officials have refused to add some names, saying that to do so might expose their sources and methods. And State Department officials measure "the impact on the coalition" of nations President Bush is assembling in his anti-terrorism efforts, one official said.

Since the Sept. 11 attacks, Treasury officials said, more than \$ 24 million has been frozen worldwide, including \$ 4 million in the United States.

The Treasury said Thursday that the Bahamas "blocked accounts connected to the recent terrorist attacks." But U.S. officials wouldn't say how much money was involved.

The Bahamian ambassador to the United States, Joshua Sears, said a \$ 20 million trust was frozen because a beneficiary seems to match a name on the U.N. list. Another \$ 12 million was frozen, said Julian W. Francis, governor of the Central Bank of the Bahamas, because the names of two intended recipients of the

funds aroused suspicion.

Meanwhile, officials unsealed an indictment in Phoenix yesterday against Faisal Michael al Salmi, a Tempe, Ariz., man accused of giving false statements to the FBI about his links to Hani Hanjour, the suspected pilot of the jet that crashed into the Pentagon.

Al Salmi denied knowing Hanjour, but prosecutors allege that Al Salmi talked to Hanjour several times, including once "when they spoke of a mutual interest in aviation," according to the indictment.

Staff writers Dan Eggen, Robert O'Harrow Jr., Karen DeYoung and Alan Sipress, staff correspondent Michael Dobbs in London and special correspondent Sarah Delaney in Rome contributed to this report.

LOAD-DATE: October 13, 2001

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December 7, 2002 Saturday ALL EDITIONS

SECTION: NEWS; Pg. 015

LENGTH: 349 words

HEADLINE: Saudi businessman linked to funding terrorists

BYLINE: By JONATHAN WELLS

BODY:

Almost immediately after the deadly terrorist attacks on Sept. 11, Saudi businessman Yasin al-Qadi found himself squarely under the spotlight of U.S. counterterrorism investigators.

Despite his vehement denials, federal investigators identified him as a major financier of Islamic terrorist groups, in particular Osama bin Laden's al-Qaeda network and the Palestinian organization Hamas.

Al-Qadi, 46, has been linked to numerous companies and charities which the U.S. government alleges have funnelled millions of dollars to violent Islamic extremists.

Islamic terrorism expert Steven Emerson said al-Qadi is "without a doubt" involved in bankrolling terrorism.

"The level of evidence is overwhelming, obtained by the U.S. government and in other venues," Emerson said.

The U.S. Treasury Department branded al-Qadi as a "specially designated global terrorist" in October 2001.

The Treasury specifically cited al-Qadi's position as head of the Islamic charity Muwafaq Foundation.

"Muwafaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen," the Treasury said. "Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief."

One of the main donors to Blessed Relief is reportedly Saudi tycoon, Khalid bin Mahfouz, who has been investigated by U.S. and Saudi officials for funneling millions of dollars to bin Laden through the charity.

One of al-Qadi's former U.S. companies, BMI of Secaucus, N.J., has been linked to another Islamic charity, Mercy International. The Nairobi branch of that charity was closed by Kenyan officials in the wake of the 1998 U.S. embassy bombings in Africa, which U.S. officials say were masterminded by bin Laden.

During the trial of al-Qaeda operatives charged with the embassy bombings, records were introduced suggesting Mercy International aided the attacks.

Al-Qadi also has the distinction of being one of the few Saudis identified by his own government as being involved in financing terrorism.

Last week, the Saudis froze his assets.

LOAD-DATE: December 08, 2002

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National Post (Canada)

March 8, 2002 Friday National Edition

SECTION: News; Pg. A1

LENGTH: 657 words

HEADLINE: Ottawa lists al-Qaeda suspect as trade helper: Bin Laden relative included in tipsheet on Saudi contacts (Toronto / Late edition headline.);
Ottawa lists al-Qaeda suspect as trade helper: Bin Laden brother-in-law: Industry Canada lags U.S. in updating 'country contacts' (National edition headline.)

SOURCE: National Post

BYLINE: Stewart Bell

BODY:

Industry Canada has been advising investors looking to do business in Saudi Arabia to contact a wealthy sheik who is not only the brother-in-law of Osama bin Laden but also an alleged financier of al-Qaeda.

The department's Web site names Khalid bin Mahfouz and his Jeddah-based National Commercial Bank on a list of "country contacts" for those seeking trade and investment opportunities in the oil-rich kingdom.

The commercial tipsheet fails to mention that Mr. bin Mahfouz was arrested in Saudi Arabia for allegedly using his bank to fund the al-Qaeda terrorist network. Nor does it explain that Mr. bin Mahfouz's sister is one of bin Laden's wives.

An Industry Canada spokeswoman said yesterday the department was negotiating to purchase a new list of trade contacts from the U.S. Department of Commerce, but until then the existing one directing Canadians to Mr. bin Mahfouz will remain on the Web site.

The list was the "latest available for sale" when purchased in April, 2001, and will be updated "as soon as we can," said Francesca Piredda, media relations officer for the department. She said she did not know when that might be.

Mr. bin Mahfouz is a Saudi banker, heir to a billionaire family, who was indicted for fraud in New York in the early 1990s. The charges were dropped after he agreed to pay US\$225-million, including US\$37-million in lieu of fines.

According to the latest issue of business magazine Forbes, Mr. bin Mahfouz set up the Muwaffaq ("Blessed Relief") Foundation in the Channel Islands in 1992. Allegations surfaced in 1995 linking the foundation to Islamic terrorism, but the charity denied the claim and sued a British newsletter for an apology, which it received in open court.

But in 1999, USA Today reported a Saudi government audit had found Mr. bin Mahfouz's National Commercial Bank had transferred US\$3-million to Islamic charities fronting for terrorism, including Blessed Relief. Mr. bin Mahfouz was reportedly placed under house arrest at a military hospital in Taif, Saudi Arabia.

On Oct. 12, 2001, the U.S. Treasury Department placed the head of Blessed Relief, Yasin al-Qadi, on its list of designated terrorists and froze his assets. "He heads the Saudi-based Muwaffaq Foundation," said a Treasury background report.

"Muwaffaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen. Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief."

The Treasury also froze the assets of Ayadi Chafiq bin Muhammad, a Bosnian. "Chafiq is connected to the bin Laden financial network through the Muwaffaq Foundation in Munich, Germany," the Treasury alleged.

The Canadian government froze the assets of both men on the same day. In January, the British Charity Commission froze the assets of another charity, the International Development Foundation, over allegations it was close to bin Laden. The trustees were Mr. bin Mahfouz's brothers.

Yet years after alarms were first raised about Mr. bin Mahfouz, his name, address and phone number remain on Industry Canada's list of Saudi investment contacts.

Industry Canada says the U.S. Commerce Department was the source of its country contacts. But the information comes from a 1998 report the U.S. government updated two years ago, removing reference to Mr. bin Mahfouz.

Cherif Sedky, a spokesman for Mr. bin Mahfouz, told the Chicago Tribune the family had no ties to terrorists and was "shocked and angered" by the suggestion. Abdulrahman bin Mahfouz, Mr. Mahfouz's son, told Forbes he had been unable to determine why the U.S. had linked Blessed Relief to al-Qaeda. "While we have heard that the allegations related to the Muwaffaq charity may be based on only one or two isolated financial transactions, we have been unable to obtain any specific information regarding these transactions," he said.

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FDCH Political Transcripts

September 10, 2003 Wednesday

TYPE: COMMITTEE HEARING

LENGTH: 12655 words

COMMITTEE: SUBCOMMITTEE ON TERRORISM, TECHNOLOGY AND HOMELAND SECURITY

SUBCOMMITTEE: SENATE JUDICIARY COMMITTEE

HEADLINE: U.S. REPRESENTATIVE JON L. KYL (R-AZ) HOLDS HEARING ON TERRORISM TWO YEARS AFTER THE 9/11 ATTACKS

SPEAKER:

U.S. REPRESENTATIVE JON L. KYL (R-AZ), CHAIRMAN

LOCATION: WASHINGTON, D.C.

WITNESSES:

SIMON HENDERSON, FOUNDER SAUDI STRATEGIES

MATTHEW EPSTEIN, ATTORNEY, TERRORISM ANALYST AND ASSISTANT DIRECTOR OF RESEARCH,
FOR THE INVESTIGATIVE PROJECT

BODY:

U.S. SENATE JUDICIARY COMMITTEE: SUBCOMMITTEE ON TECHNOLOGY,
TERRORISM, AND GOVERNMENT INFORMATION HOLDS A HEARING ON
TERRORISM TWO YEARS AFTER 9/11

SEPTEMBER 10, 2003

SPEAKERS:

U.S. SENATOR JON KYL (R-AZ)

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U.S. SENATOR JOHN EDWARDS (D-NC)

*

KYL: This hearing of the Senate Subcommittee on Terrorism, Technology and Homeland Security will come to order.

I want to make some announcements to those of you who are in attendance here regarding our schedule and apologize for the change in time for the hearing as well as my tardiness. We won't have time for a great deal here before another vote has to be cast, but I want to explain this to you.

Prince Nayef was also the person who delayed any diplomatic deal on these men so they could be released. He is an awkward character. It is not, though, within the power of Crown Prince Abdullah to get rid of Prince Nayef. Prince Nayef is one of the most important and strong people in Saudi Arabia. The usual nomenclature for the Saudi elite is that King Fahd is number one. Unfortunately, he is in bad health, so it's not a really accurate reflection of his current power.

Number two is Crown Prince Abdullah. Number three is Prince Sultan, the defense minister and indeed, the father of Prince Bandar the ambassador here and number four is Prince Nayef.

Prince Nayef controls not only the police, but also the coast guard, the customs officials, the security officials at the airport. He also controls the mutawa, the religious police. He has been interior minister for many, many years. He is just too powerful. He cannot be got rid of.

FEINSTEIN: I think that is very interesting, because I don't know how you can have a credible interior minister and have him be allied with a country when they're making claims he made about the 9/11 incident.

But Mr. Epstein, I'd like to ask you about a man Yasin Quadi. He's a Saudi citizen who was named a specially designated global terrorist by the Secretary of Treasury on October 12, 2001. He's also a trustee of a charity called Muwafaq. According to a government statement accompanying the designation, Muwafaq is, quoting "an Al Qaida front that receives funding from wealthy Saudi businessmen.

Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief," end quote. And then according to a New York Times article on October 12, '01, the same gentleman was said to be a major investor and director of Global Diamond Resources, a diamond export-exploration company based in San Diego.

And last September, Valentin Roschacher, the attorney general of Switzerland, was reported as saying that the consensus of officials in all major banking states was that Al Qaida had protected most of its assets by shifting from cash to diamonds and gold before the September 11 attacks.

Roschacher said this enabled them to still have enough money to carry out other attacks. Can you provide any insight into this, whether that has credibility that assets were transferred, anything about Mr. Quadi that might be useful.

EPSTEIN: I can tell you that Mr. Quadi by many counts has substantial business and financial holdings in the United States. The diamond company in San Diego, as you mentioned, a little under a year ago there was a software company in Boston named Ptech that was raided by JTTF because Quadi was a major investor. That was a software company selling software to the U.S. government.

Most recently there was a bank in New Jersey called BMI, which in government documents shows that Quadi was one of the financiers of this entity. There is actually a hearing tomorrow in Virginia for the president of BMI, the former president of BMI, his name is Soliman Biheiri. He has been indicted, most recently and in the affidavit the indictment explains how they are looking at Quadi and BMI as a major source of funding for Al Qaida and Hamas.

One of the most disturbing elements along the lines of these hearings today is in other government documents we've seen that one of the biggest funders for BMI, which is currently under investigation by these documents, is International Islamic Relief Organization, a Saudi charity based here in Virginia.

We've also seen that large amounts of money, to the order of at least \$400,000 for International Islamic Relief Organization came through the Saudi embassy. So, this was an investigation that was started by the FBI in 1997 and continues today. IRO's offices were raided originally in '97 and most recently again in March 2002 and they are currently involved in an Al Qaida-Hamas inves-

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Statement of Lee S. Wolosky Co-Director, Independent Task Force on Terrorism Financing

Committee on Senate Governmental Affairs

"An Assessment of Current Efforts to Combat Terrorism Financing"

June, 15 2004

Madame Chairman, Senator Lieberman and Distinguished Members of the Committee:

Thank you for your dedicated leadership on these issues. This Committee's sustained attention to terrorist financing issues is critically important to our nation.

We are honored to report to you today on the second report of the Independent Task Force Relations on Terrorist Financing sponsored by the Council on Foreign. I have served as co-Director of this bipartisan initiative since its inception in the summer of 2002.

Our report is the result of the hard work of a number of dedicated individuals of both political parties who seek to further vital national interests. I wish to thank our Chairman, Maurice Greenberg, for his unwavering support of the Task Force and his broader leadership in assuring continued attention to, and scholarship on, issues at the intersection of global finance and national security. Our Vice-Chairman, Mallory Factor, undertook important efforts to advance the mission of the Task Force. My co-Director and co-author, William F. Wechsler, brought not only a wealth of talent and energy but the wealth of experience that comes from being the first senior U.S. official to focus seriously on these issues, beginning in 1998.

I am also grateful to Council President Richard Haass. This Task Force would not have succeeded without his support and assistance.

Finally, it is my honor to testify beside David Aufhauser, who served our country with dedication and distinction. Many of the positive developments in this area since 9/11 are the direct fruits of his vision and leadership.

I will discuss the background of our second report and its findings. Mallory will then discuss the report's recommendations. Since the report, along with its various appendices, is almost 300 pages in length, we will only be able to highlight core points. We ask that the full report and its appendices be placed into the record, and we look forward to a fuller discussion of various aspects of the report in response to your questions.

In our first report, released in October 2002, we concluded: "It is worth stating clearly and unambiguously what official U.S. government spokespersons have not: For years, individuals and charities based in Saudi Arabia have been the most important source of funds for al-Qaeda; and for years, Saudi officials have turned a blind eye to this problem." We recommended the encouragement of the Saudi regime to strengthen significantly its efforts to combat terrorist financing. In this regard, we noted a recent historical record of inattention, denial, and half measures. And we urged the U.S. Government to confront directly the lack of political will in Saudi Arabia and elsewhere through the institution of a declaratory policy that would permit or compel U.S. officials to speak more frankly about the nature of the problem.

The reaction to the release of the Task Force's initial report was reflective of then-prevailing mindsets. The Saudi Arabian Foreign Minister, Prince Saud al-Faisal, told CNN that the report was "long on accusation and short on documented proof." The Saudi ambassador to the United States, Prince Bandar bin Sultan, said the Task Force report was based on "false and inconclusive information" and "clearly out of touch with current activities." He also maintained that "Saudi Arabia has put into place the tools, resources, laws, and regulations to combat terrorism and terrorist financing" and promised to "prosecute the guilty to the fullest extent of the law." The U.S. Treasury Department's spokesperson called the report "seriously flawed."

During 2002 and into the first few months of 2003, U.S. officials quietly engaged their Saudi counterparts on a sustained basis in Washington and Riyadh--at increasingly high levels, with more intelligence they were prepared to share, and with more aggressive demands. Results were mixed. Less transparent methods of curtailing terrorist financing were also stepped up, with significant successes.

The status quo changed on May 12, 2003, when al-Qaeda bombed housing compounds in Riyadh used by U.S. and other foreign residents, prompting more comprehensive Saudi action against terrorism. Public statements and actions by both the United States and Saudi Arabia since May 2003 have evidenced in many respects a more urgent approach to terrorist financing, one that is broadly consistent with our initial report's conclusions, findings, and recommendations.

For example, Saudi Arabia has announced a profusion of new laws, regulations, and institutions regarding money laundering, charitable oversight, and the supervision of the formal and informal financial services sector. Significantly, the government also took steps to remove donation boxes from mosques and shopping malls. And, for the first time, Saudi Arabia has subjected aspects of its anti-money laundering regime to international scrutiny.

While Saudi officials were previously unwilling to acknowledge or address the role government-sanctioned religious messages play in supporting militant Islamic groups, following the May terrorist attacks Saudi officials began to take steps to address the mindset that foments and justifies acts of terrorism.

Most critically, for the first time, the Saudi government decided to use force to hunt--and kill--members of domestic al-Qaeda cells, including, in one case, a financier named Yousif Salih Fahad Al-Ayeeri (aka "Swift Sword"). Actions on this scale were not in evidence prior to the 2003 bombings.

Saudi Arabia has markedly increased its tactical law enforcement and intelligence cooperation with the United States and the Bush administration acted quickly to take advantage of newfound political will in Saudi Arabia to renew and reinvigorate its own efforts to combat terrorist financing.

The Bush administration also moved toward a more declaratory policy. On June 26, 2003, for example, at the annual U.S.-EU Summit, President Bush took the important step of publicly urging European leaders to criminalize all fundraising by Hamas. That same day, David Aufhauser testified before Congress that "in many ways, [Saudi Arabia] is the epicenter" of the financing of al-Qaeda and other terrorist movements.

The pace of joint U.S.-Saudi designations quickened, specifically in respect to efforts to close problematic overseas branches of the sprawling, Saudi-based Al Haramain Islamic Foundation, which Saudi officials estimate was, at its height, raising between forty and fifty million dollars per year.

As our report was going to press, the government of Saudi Arabia announced the dissolution of Al Haramain and other charitable entities and the creation of a nongovernmental organization to coordinate private Saudi charitable giving abroad.

As a result of the foregoing activities, al-Qaeda's current and prospective ability to raise and move funds with impunity has been significantly diminished. These efforts have likely made a real impact on al-Qaeda's financial picture, and it is undoubtedly a weaker organization as a result.

Indeed, in many respects, the views expressed in the Task Force's first report are now widely held, at home and abroad. But although much work has been done, much work remains.

I will now describe a number of our core findings.

Although Saudi Arabia has made significant improvements in its legal and regulatory regime, it has not fully implemented its new laws and regulations, and because of that, opportunities for the witting or unwitting financing of terrorism persist.

Indicia of implementation and enforcement are generally unavailable. We are concerned that the unavailability of such indicia may negatively impact the deterrent effect presumably intended by these measures.

As our report was going to press, for example, we were unable to find evidence to suggest that the announced High Commission of Oversight of Charities was fully operational. Moreover, its composition, authority, mandate, and charter remain unclear, as do important metrics of its likely effectiveness, such as staffing levels, budget, and personnel training. The mandate and authority of the High Commission of Oversight of Charities is also unclear relative to that of the Saudi National Entity for Charitable Work Abroad, which was first announced in February 2004. As Juan Zarate told Congress earlier this spring, "the Kingdom must move forward to clarify and empower an oversight authority that will administer effective control over the [charity] sector and ensure compliance with obligations under the new regulatory measures." More recently, on June 2, 2004, Zarate called the establishment of the Saudi National Entity for Charitable Work Abroad a "major step forward" and noted, "we're looking forward to seeing the implementation of that."

At least one other key body, Saudi Arabia's Financial Intelligence Unit (FIU), is also not yet fully functional. FIU's are intended to collect and analyze suspicious financial data. Reliable, accessible metrics are lacking with respect to many of the other newly announced legal, regulatory, and institutional reforms. Critical data necessary to assess the implementation, enforcement, and effectiveness of many of these announced reforms are generally nonexistent or not publicly available. We find this troubling given the importance of these issues to the national security interests of the United States and other countries (including Saudi Arabia) that remain targets of al-Qaeda and similar terrorist organizations.

Additionally, we have found no evidence that Saudi Arabia has taken public punitive actions against any individual for financing terror. As a result, Saudi Arabia has yet to demand personal accountability in its efforts to combat terrorist financing and, more broadly and fundamentally, to de-legitimize these activities. The lack of transparent and compelling evidence of implementation is particularly troublesome in the criminal law enforcement context. Despite the flurry of laws and regulations, we believe that there have been no publicly announced arrests, trials, or incarcerations in Saudi Arabia in response to the financing of terrorism--despite the fact that such arrests and other punitive steps have reportedly taken place.

Against its poor historical enforcement record, any Saudi actions against financiers of terror are welcome. But actions taken in the shadows may have little consistent or systemic impact on ingrained social or cultural practices that directly or indirectly threaten the security of the United States.

Put simply, our Task Force found that people and organizations need to be publicly punished, including for past involvement in terrorist financing activities.

Not only have there been no publicly announced arrests in Saudi Arabia related to terrorist financing, but key financiers remain free or go unpunished. For example, Yasin al-Qadi, a Specially Designated Global Terrorist, appears to live freely in Saudi Arabia. According to the Treasury Department, "He heads the Saudi-based Muwafaq Foundation. Muwafaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen. Blessed Relief is the English translation. Saudi businessmen have been transferring millions of dollars to bin Laden through Blessed Relief." Wa'el Julaidan, who was jointly designated on September 6, 2002, by the governments of the United States and Saudi Arabia as "an associate of Usama bin Laden and a supporter of al-Qa'ida terror," also appears to live freely in Saudi Arabia. According to the Treasury Department, "The United States has credible information that Wa'el Hamza Julaidan is an associate of Usama bin Laden and several of bin Laden's close lieutenants. Julaidan has directed organizations that have provided financial and logistical support to al-Qa'ida." The same is true for Aqeel Abdulaziz Al-Aqil, the founder and long-time leader of the Al Haramain Islamic Foundation (AHF). According to the Treasury Department, "As AHF's founder and leader, Al-Aqil controlled AHF and was responsible for all AHF activities, including its support for terrorism. . . . Under Al Aqil's leadership of AHF, numerous AHF field offices and representatives operating throughout Africa, Asia, Europe and North America appeared to be providing financial and material support to the al-Qa'ida network. Terrorist organizations designated by the U.S. including Jemmah Islamiya, Al-Ittihad Al-Islamiya, Egyptian Islamic Jihad, HAMAS, and Lashkar E-Taibah received funding from AHF and used AHF as a front for fundraising and operational activities."

We find it regrettable and unacceptable that since September 11, 2001, we know of not a single Saudi donor of funds to terrorist groups who has been publicly punished--despite Ambassador Bandar's assertion, in response to the issuance of our first report, that Saudi Arabia would "prosecute the guilty to the fullest extent of the law."

Finally, Saudi Arabia continues to export radical extremism. A battle of ideas undergirds the global war on terrorism. Militant groups such as al-Qaeda are fueled by uncompromising fundamentalist interpretations of Islam that espouse violence and that millions of Muslims join Christians and Jews in rejecting.

As a core tenet of its foreign policy, Saudi Arabia funds the global propagation of Wahabism, a brand of Islam that, in some instances, supports militancy by encouraging divisiveness and violent acts against Muslims and non-Muslims alike. We are concerned that this massive spending is helping to create the next generation of terrorists and therefore constitutes a paramount strategic threat to the United States. Through the support for madrassas, mosques, cultural centers, hospitals, and other institutions, and the training and export of radical clerics to populate these outposts, Saudi Arabia has spent what could amount to hundreds of millions of dollars around the world financing extremism. Such Saudi financing is contributing significantly to the radicalization of millions of Muslims in places ranging from Pakistan to Indonesia to Nigeria to the United States. Foreign funding of extremist madrassas in Pakistan alone, for example, is estimated in the tens of millions, much of it historically from Saudi Arabia.

Saudi Arabia has begun to crack down on domestic extremism, most dramatically through education reform and the banishment or "re-education" of scores of radical Wahabi clerics. But our Task Force found that there is less evidence of effective action to curb the ongoing export of extremism.

Although the United States is not and should not be at war with any religion or any religious sect, we found that U.S. policy should affirmatively seek to drain the ideological breeding grounds of Islamic extremism, financially and otherwise. To do so, we will need more demonstrable cooperation from Saudi Arabia, which so far as not been sufficiently forthcoming.

We have made a number of other findings that I hope we can discuss. In the interest of time, Mallory will now address the report's recommendations, after which time I would be happy to answer any questions.

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